

Exhibit A

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

SURREY OAKS LLC,

Plaintiff,

v.

EVANSTON INSURANCE COMPANY,

Defendant.

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CIVIL ACTION NO. 4:16-cv-00516

EXHIBIT A

1. Index of All Documents Filed in the State Court Action
2. Docket Sheet in the State Court Action
3. Documents filed in the State Court Action
 - a. Plaintiff's Original Petition
Filed: May 19, 2016
 - b. Affidavit of Service of Citation on Defendant Evanston Insurance Company
Served: May 24, 2016
Filed: May 24, 2016
 - c. Defendant Evanston Insurance Company's Original Answer to Plaintiff's Original Petition
Filed: June 17, 2016

Exhibit A-1

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

SURREY OAKS LLC,

Plaintiff,

v.

EVANSTON INSURANCE COMPANY,

Defendant.

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CIVIL ACTION NO. 4:16-cv-00516

INDEX OF DOCUMENTS FILED IN STATE COURT ACTION

1. Plaintiff's Original Petition
Filed: May 19, 2016
2. Affidavit of Service of Citation on Defendant Evanston Insurance Company
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3. Defendant Evanston Insurance Company's Original Answer to Plaintiff's Original Petition
Filed: June 17, 2016

Exhibit A-2



Tarrant County District Clerk Online

Thomas A. Wilder, District Clerk

Civil - Case and Transaction Information

6/21/16 11:49 AM

Cause Number: 352-285551-16

Date Filed: 05-19-2016

SURREY OAKS LLC

| VS |

EVANSTON INSURANCE COMPANY

Cause of Action: CONTRACT, INSURANCE

Case Status: PENDING

File Mark	Description		Assessed Fee	Credit/Paid Fee
05-19-2016	<u>PLTF'S ORIG PET</u>	N	<u>284.00</u>	
		I		
05-19-2016	<u>COURT COST (PAID) trans #1</u>	Y		<u>284.00</u>
05-19-2016	<u>CIT Sec of St-ISSUED ON EVANSTON INSURANCE COMPANY-On 05/19/2016</u>	N	<u>8.00</u>	
		Svc		
05-19-2016	<u>COURT COST (PAID) trans #3</u>	Y		<u>8.00</u>
05-19-2016	<u>E-FILE TRANSACTION FEE</u>	N	<u>2.00</u>	
05-19-2016	<u>COURT COST (PAID) trans #5</u>	Y		<u>2.00</u>
05-24-2016	<u>AFFDT SERV EVANSTON INSURANCE COMPANY</u>	I		<u>0.00</u>
05-24-2016	<u>E-FILE TRANSACTION FEE</u>	N	<u>2.00</u>	
05-24-2016	<u>COURT COST (PAID) trans #8</u>	Y		<u>2.00</u>
05-24-2016	<u>CIT Sec of St Tr# 3 RET EXEC(EVANSTON INSURANCE CO MPANY) On 05/24/2016</u>	I		<u>0.00</u>
06-17-2016	<u>(ORIG ANS) DEFN EVANSTON INSURANCE COMPANY'S ORIG I ANS TO PLF'S ORIG PET</u>			<u>0.00</u>
06-17-2016	<u>EXHIBIT A</u>	I		<u>0.00</u>
06-17-2016	<u>EXHIBIT A-1</u>	I		<u>0.00</u>
06-17-2016	<u>EXHIBIT A-2</u>	I		<u>0.00</u>
06-17-2016	<u>EXHIBIT B</u>	I		<u>0.00</u>
06-17-2016	<u>E-FILE TRANSACTION FEE</u>	N	<u>2.00</u>	
06-17-2016	<u>COURT COST (PAID) trans #16</u>	Y		<u>2.00</u>

District Clerk's Office

Tom Vandergriff Civil Courts Building

100 N. Calhoun St., 2nd Floor, Fort Worth, Texas 76196, [Contact Us](#)

Please send questions and comments regarding the District Clerk web site to [District Clerk Webmaster](#)

Exhibit A-3

Exhibit A-3-a

FILED
TARRANT COUNTY
5/19/2016 1:43:31 PM
THOMAS A. WILDER
DISTRICT CLERK

NO. 352-285551-16

SURREY OAKS LLC	§	IN THE DISTRICT COURT
Plaintiff,	§	
	§	
v.	§	OF TARRANT COUNTY, TEXAS
	§	
EVANSTON INSURANCE COMPANY	§	
Defendant.	§	<u> </u> JUDICIAL DISTRICT

PLAINTIFF'S ORIGINAL PETITION

Plaintiff, Surrey Oaks LLC, files this, its Original Petition, and in support of same, would show the following:

1.

Plaintiff designates this case as a Level 2 Discovery Control Plan, such that discovery is to be conducted under Level 2 Discovery Control Plan of Rule 190.3 of the Texas Rules of Civil Procedure.

2.

Plaintiff pleads TRCP 47(c)(4).

3.

Defendant, Evanston Insurance Company ("Evanston"), is a surplus lines insurer eligible to do business in the State of Texas and engaged in the business of insurance in the State of Texas, but who has not appointed an agent for service of process in the State of Texas. As such, Evanston may be served with citation pursuant to Section 804.106 of the Texas Insurance Code, by service of citation on the Texas Secretary of State. As such, citation may issue on Defendant Evanston as follows: "Evanston Insurance Company, c/o Texas Secretary of State, Service of Process, 1019 Brazos, Room 105, Austin, Texas 78701".

352-285551-16

5.

Surrey Oaks is the named insured on Policy No. 1P50521 (hereinafter referred to as the “Policy”) issued by Evanston. The Policy provides property insurance coverage for the Surrey Oaks Apartments located at 525 King George Drive, Fort Worth, Texas (hereinafter referred to as the “Insured Property”).

6.

While the Policy was in effect, the Surrey Oaks Apartments suffered a loss that was covered under the Policy, which loss was assigned Claim No. P030667 by Evanston. The loss was adjusted by Evanston, resulting in Evanston issuing its Check No. 10036355 on May 23, 2012 in the amount of \$211,085.47. Evanston breached its contract with Surrey Oaks on May 23, 2012, when Evanston issued this payment without having Surrey Oaks LLC named as a payee on such check. As a result, Surrey Oaks never received the insurance proceeds to which it was entitled under the Policy for Claim No. P030667.

7.

Surrey Oaks would show this lawsuit is timely filed, and is not barred by limitations, as the “LEGAL ACTION AGAINST US” provision contained in the Policy providing that suit must be brought within two years and one day after the date of the physical loss or damage would be unenforceable under Texas law, since it provides for a limitations period that is not greater than two years, as required by Section 16.070 of the Texas Civil Practice and Remedies Code, and is therefore void and unenforceable. Cases reflecting this include *Spicewood Summit Office Condominiums Association v. America First Lloyd's Insurance Company*, 287 S.W.3d 461, 466-68 (Tex.App.-Austin 2009, rev. denied); *Culwell v. St. Paul Fire & Marine Ins. Co.*, 79 S.W.2d 914

352-285551-16

(Tex.Civ.App.-Eastland 1935, writ diss'd); *American Surety Co. v. Martinez*, 73 S.W.2d 109, 112 (Tex.Civ.App.-El Paso 1934, writ ref'd); *Salazar v. Capitol County Mutual Fire Ins. Co.*, 1998 WL 201599 (Tex.App.-San Antonio 1998). As such, Section 16.051 of the Civil Practice and Remedies Code would apply, so that Surrey Oaks would have four years from May 23, 2012, which is the date Evanston breached the contract (i.e., the Policy) with Surrey Oaks, to file suit. This lawsuit is being filed within that time frame, so it is not barred by limitations.

8.

Surrey Oaks that it suffered a loss to the Insured Property that is covered under the Policy. Evanston's liability under the Policy for that loss became reasonably clear on May 23, 2012, the date it issued the check described above. Evanston's failure to have Surrey Oaks named as payee on the check is a breach of the Policy, and a violation of Chapter 542.051 et. seq. of the Texas Insurance Code, known as the Prompt Payment of Claims Act.

9.

All conditions precedent under the Policy for paying Surrey Oaks for the loss described above have taken place, yet Evanston simply failed to pay Surrey Oaks. This is a violation of the Prompt Payment of Claims Act, subjecting Evanston to the 18% per annum penalty and attorney's fees provided in that statute. Specifically, under Insurance Code Chapter 542.051 et. seq., the 18% per annum interest allowed under that chapter would begin accruing after the expiration of sixty days from when the insurer was required to make payment. Here, such interest would begin accruing on July 23, 2012, which is the 61st day after Evanston failed to name Surrey Oaks on the check Evanston issued on May 23, 2012.

10.

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Surrey Oaks would show that Evanston's actions described above in issuing payment without having Surrey Oaks as the payee on the check issued by Evanston would be a breach of the insurance contract, entitling Surrey Oaks to the amount of \$211,085.47 that is owed under the Policy.

11.

Surrey Oaks would seek reasonable and necessary attorney's fees from Evanston pursuant to Section 38.001 of the Civil Practice & Remedies Code, and also pursuant to Section 542.060 of the Texas Insurance Code. In addition, Plaintiffs would seek the 18% per annum penalty allowed under Section 542.060 of the Texas Insurance Code on all proceeds due under the Policy, in accordance with the Prompt Payment of Claims Act, and seeks such interest from June 23, 2012 through the date of judgment entered in this lawsuit.

For all of the above reasons, Plaintiff, Surrey Oaks, LLC, prays that Defendant Evanston Insurance Company be cited to answer and appear, and that upon final hearing, that Plaintiff have judgment against Defendant Evanston Insurance Company in the amount of \$211,085.47, plus 18% on that amount accruing from July 23, 2012 through the date of judgment in this matter, for reasonable and necessary attorney's fees through the trial of this matter, and for any appeal to the applicable court of appeals and/or Texas Supreme Court, common law or statutory prejudgment interest at the maximum rate and amount allowed by law, and post judgment interest at the maximum rate allowed by law, all taxable costs of court, and any other relief, at law or at equity, to which Plaintiff may be entitled.

Respectfully submitted,

S/Russell J. Bowman
Russell J. Bowman
Texas State Bar No. 02751550

352-285551-16

800 West Airport Freeway
Suite 860
Irving, Texas 75062
(214) 922-0220
(214) 922-0225 (FAX)
E-Mail: russelljbowman@sbcglobal.net
ATTORNEY FOR PLAINTIFF

Exhibit A-3-b

352nd District Court of TARRANT County, Texas

401 W. BELKNAP FORT WORTH TX 76196-7283

CASE #: 352-285551-16

SURREY OAKS LLC

RUSH SERVICE

FILED
TARRANT COUNTY
5/24/2016 4:30:57 PM
THOMAS A. WILDER
DISTRICT CLERK

Plaintiff

VS

EVANSTON INSURANCE COMPANY

Defendant

AFFIDAVIT OF SERVICE

I, FLOYD J BOUDREAU, make statement to the fact;
That I am a competent person more than 18 years of age or older and not a party to
this action, nor interested in outcome of the suit. That I received the documents
stated below on 05/24/16 11:56 am, instructing for same to be delivered upon
Evanston Insurance Company By Delivering To The Secretary Of State.

That I delivered to : Evanston Insurance Company By Delivering To The Secretary Of
State. By Delivering to Michael Orta, Citation Receiver
the following : CITATION; PLAINTIFF'S ORIGINAL PETITION
at this address : 1019 Brazos Ste 105
Austin, Travis County, TX 78701
Manner of Delivery : by PERSONALLY delivering the document(s) to the person above.
Delivered on : MAY 24, 2016 12:10 pm

My name is FLOYD J BOUDREAU, my date of birth is JAN 10th, 1943, and my address is
Professional Civil Process Downtown, 2211 S. IH 35, Suite 203, Austin TX 78741, and
U.S.A. I declare under penalty of perjury that the foregoing is true and correct.
Executed in Travis County, State of Texas, on the 24 day of

MAY, 2016.


FLOYD J BOUDREAU
381
Secretary & Receiver
Declarant

Texas Certification#: SCH-3506 Exp. 02/28/17

Private Process Server
Professional Civil Process Of Texas, Inc
103 Vista View Trail Spicewood TX 78669
(512) 477-3500

PCP Inv#: Z16500178
SO Inv#: A16503149



AX02A16503149
tomcat

+ Service Fee: 85.00
Witness Fee: .00
Mileage Fee: .00

Bowman, Russell J.

E-FILE RETURN

THE STATE OF TEXAS
DISTRICT COURT, TARRANT COUNTY

ORIGINAL

CITATION

Cause No. 352-285551-16

SURREY OAKS LLC

VS.

EVANSTON INSURANCE COMPANY

To and through the Secretary Of State, Statutory Documents Section, PO Box 12079, Austin TX 78711-2079
TO: EVANSTON INSURANCE COMPANY

SERVICE OF PROCESS MAY BE HAD UPON DEFENDANT BY DELIVERING TO THE SECRETARY OF STATE, OF THE STATE OF TEXAS, DUPLICATE COPIES OF THIS CITATION TOGETHER WITH DUPLICATE COPIES OF THE PLAINTIFF'S PETITION ATTACHED HERETO.
You said DEFENDANT are hereby commanded to appear by filing a written answer to the PLAINTIFF'S ORIGINAL PETITION at or before 10 o'clock A.M. of the Monday next after the expiration of 20 days after the date of service hereof before the 352nd District Court, 100 N CALHOUN, in and for Tarrant County, Texas, at the Courthouse in the City of Fort Worth, Tarrant County, Texas said PLAINTIFF being

SURREY OAKS LLC

Filed in said Court on May 19th, 2016 Against
EVANSTON INSURANCE COMPANY

For suit, said suit being numbered 352-285551-16 the nature of which demand is as shown on said PLAINTIFF'S ORIGINAL PETITION a copy of which accompanies this citation.

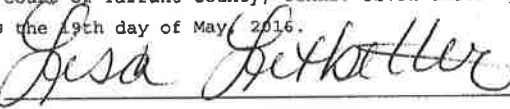
RUSSELL J BOWMAN

Attorney for SURREY OAKS LLC Phone No. (214)922-0220

Address 800 W AIRPORT FRWY STE 860 IRVING, TX 75062

Thomas A. Wilder, Clerk of the District Court of Tarrant County, Texas. Given under my hand and the seal of said Court, at office in the City of Fort Worth, this 19th day of May, 2016.

By



Deputy

LISA LETBETTER

NOTICE: You have been sued. You may employ an attorney. If you or your attorney do not file a written answer with the clerk who issued this citation by 10:00 AM. on the Monday next following the expiration of twenty days after you were served this citation and petition, a default judgment may be taken against you.

Thomas A. Wilder, Tarrant County District Clerk, 100 N CALHOUN, FORT WORTH TX 76196-0402

OFFICER'S RETURN

Received this Citation on the _____ day of _____, at _____ o'clock ____M; and executed at _____ within the county of _____, State of _____ at _____ o'clock ____M on the _____ day of _____, by delivering to the within named (Def.): _____ defendant(s), a true copy of this Citation together with the accompanying copy of PLAINTIFF'S ORIGINAL PETITION, having first endorsed on same the date of delivery.

Authorized Person/Constable/Sheriff: _____

County of _____ State of _____ By _____ Deputy

Fees \$ _____

State of _____ County of _____ (Must be verified if served outside the State of Texas)

Signed and sworn to by the said _____ before me this _____ day of _____,

to certify which witness my hand and seal of office

(Seal)

County of _____, State of _____

CITATION

Cause No. 352-285551-16

SURREY OAKS LLC

VS.

EVANSTON INSURANCE COMPANY

ISSUED

This 19th day of May, 2016

Thomas A. Wilder
Tarrant County District Clerk
100 N CALHOUN
FORT WORTH TX 76196-0402

By LISA LETBETTER Deputy

RUSSELL J BOWMAN
Attorney for: SURREY OAKS LLC
Phone No. (214)922-0220
ADDRESS: 800 W AIRPORT FRWY STE 860

IRVING, TX 75062

CIVIL LAW



35228555116000003

SERVICE FEES NOT COLLECTED
BY TARRANT COUNTY DISTRICT CLERK
ORIGINAL

Exhibit A-3-c

FILED
TARRANT COUNTY
6/17/2016 3:16:53 PM
THOMAS A. WILDER
DISTRICT CLERK

CAUSE NO. 352-285551-16

SURREY OAKS LLC,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
vs.	§	TARRANT COUNTY, TEXAS
	§	
EVANSTON INSURANCE COMPANY,	§	
	§	
Defendant.	§	352 nd JUDICIAL DISTRICT

**DEFENDANT EVANSTON INSURANCE COMPANY'S ORIGINAL ANSWER TO
PLAINTIFF'S ORIGINAL PETITION**

Defendant Evanston Insurance Company ("Evanston") submits the following Original Answer to the Original Petition of Plaintiff Surrey Oaks LLC ("Plaintiff").

VERIFIED PLEAS

1. Pursuant to Rule 93(1) of the Texas Rules of Civil Procedure, Evanston states that Plaintiff does not have legal capacity to sue. Specifically, Plaintiff Surrey Oaks LLC is not an active entity in the states of Washington or Texas, has not complied with the requirements to maintain an action, suit or proceeding in the courts of the State of Texas, and therefore does not have capacity to sue in Texas.¹

2. Pursuant to Rule 93(2) of the Texas Rules of Civil Procedure, Evanston states that Plaintiff is not entitled to recover in the capacity in which it sued, and/or that Evanston is not liable in the capacity in which it has been sued. Evanston insured Surrey Oaks Apartments Management of Surrey Oaks LLC under policy number 1P50126, effective December 17, 2010 to December 17, 2011 (the "Policy"), subject to all Policy terms and conditions. The loss at issue, assigned claim No. P030667, occurred on or about May 25, 2011, during the Policy

¹ See Affidavit of Amanda Pogue, attached hereto as Exhibit A.

period. Evanston previously issued full payment for the insurance claim and proceeds at issue, payable to the named insured under the applicable Policy in accordance with the terms of the Policy. Attached hereto is a true and correct copy of the Policy naming “Surrey Oaks Apartments Management of Surrey Oaks LLC” as the sole named insured.² Accordingly, Plaintiff has no contractual right to the recovery of any Policy proceeds, does not have standing to sue under the Policy, and Evanston is not liable to Plaintiff under the Policy in the capacity in which it has been sued. Moreover, the policy cited in Plaintiff’s Original Petition, No. 1P50521, was in effect for the subsequent policy year and was not in effect on the May 25, 2011 date of loss.

3. Pursuant to Rule 93(4) of the Texas Rules of Civil Procedure, Evanston states that there is a defect of parties. Specifically, Plaintiff is not a named insured under the Policy at issue and is therefore not a party to the contract.

GENERAL DENIAL

4. Pursuant to Rule 92 of the Texas Rules of Civil Procedure, Evanston generally denies each and every allegation contained in Plaintiff’s Original Petition and demands strict proof thereof. By this general denial, Evanston demands that Plaintiff proves every fact in support of its claims regarding violations of the Texas Insurance Code and breach of contract by a preponderance of the evidence.

PRAYER

Evanston prays that (i) Plaintiff’s claim for relief be denied in its entirety, (ii) Plaintiff take nothing by its claims, and (iii) Evanston be granted such other and further relief to which the Court may find it is justly entitled.

² See Evanston policy number 1P50126-0, attached hereto as Exhibit B.

Respectfully submitted,

ZELLE LLP

By: /s/ Thomas H. Cook, Jr.
Thomas H. Cook, Jr.
Texas Bar No. 00783869
Tcook@zelle.com
Tyler J. McGuire
Texas Bar No. 24098080
Tmcguire@zelle.com

901 Main Street, Suite 4000
Dallas, Texas 75202-3975
Telephone: (214) 742-3000
Facsimile: (214) 760-8994

**ATTORNEYS FOR DEFENDANT
EVANSTON INSURANCE COMPANY**

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of this Original Answer has been served this 17th day of June 2016, in accordance with the Texas Rules of Civil Procedure, by electronic filing as follows:

Russell J. Bowman
Texas Bar No.02751550
russelljbowman@sbcglobal.net
LAW OFFICE OF RUSSELL J. BOWMAN, PC
800 West Airport Freeway, Suite 860
Irving, Texas 75062
(214) 922-0220 – phone
(214) 922-0225 – fax

ATTORNEY FOR PLAINTIFF

/s/ Thomas H. Cook, Jr.
Thomas H. Cook, Jr.

VERIFICATION

STATE OF NEW JERSEY

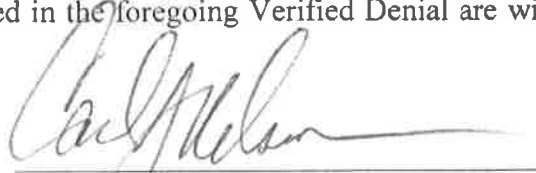
§

§

COUNTY OF MONMOUTH

§

BEFORE ME, the undersigned authority, on this day personally appeared Carl Nelson, the duly authorized representative for Evanston Insurance Company who, after being duly sworn, upon his oath states that the factual matters asserted in the foregoing Verified Denial are within his personal knowledge and are true and correct.



Carl Nelson
By and for Evanston Insurance Company

SWORN AND SUBSCRIBED before me, 17th, on this 9th day of June, 2016, to certify which witness my hand and seal of office.



Notary Public, State of New Jersey

ROBYN MARTIN
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 11/21/16

352-285551-16

EXHIBIT “A”

CAUSE NO. 352-285551-16

SURREY OAKS LLC,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
vs.	§	TARRANT COUNTY, TEXAS
	§	
EVANSTON INSURANCE COMPANY,	§	
	§	
Defendant.	§	352 nd JUDICIAL DISTRICT

AFFIDAVIT OF AMANDA POGUE

STATE OF TEXAS	§
	§
COUNTY OF DALLAS	§

BEFORE ME, the undersigned authority, on this day personally appeared Amanda Pogue, who, being duly sworn, upon her oath deposed and stated as follows:

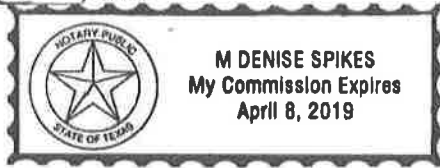
1. My name is Amanda Pogue. I am over twenty-one (21) years of age, of sound mind, and I am in all ways competent to make this Affidavit. The information contained in this Affidavit is within my personal knowledge and is true and correct. I am a paralegal employed by Zelle LLP, counsel for Defendant Evanston Insurance Company.

2. On June 16, 2016, I personally reviewed the public records from the Washington Secretary of State pertaining to Surrey Oaks, LLC. These records state that Surrey Oaks, LLC has been inactive in the state of Washington since October 17, 2009. A true and correct copy of these records is attached hereto Exhibit A-1.

3. On June 16, 2016, I personally reviewed the public records from the Texas Secretary of State pertaining to Surrey Oaks, LLC. These records state that Surrey Oaks, LLC forfeited its charter in the state of Texas on August 7, 2009. A true and correct copy of these records is attached hereto as Exhibit A-2.

A. Pogue
Amanda Pogue

SWORN TO and SUBSCRIBED before me by Amanda Pogue on the 16th day of June, 2016.



M. Denise Spikes
Notary Public Signature

352-285551-16

EXHIBIT “A-1”

SURREY OAKS, LLC

UBI Number	602380738
Category	LLC
Active/Inactive	Inactive
State Of Incorporation	WA
WA Filing Date	03/30/2004
Expiration Date	03/31/2010
Inactive Date	10/17/2009
Duration	Perpetual
Registered Agent Information	
Agent Name	NANLING CHEN
Address	5335 154TH AVE SE PO BOX 5941
City	BELLEVUE
State	WA
ZIP	98006
Special Address Information	
Address	
City	
State	
Zip	

Governing Persons

Title	Name	Address
Member	CHEN, NANLING	12000 NE 8TH ST BELLEVUE, WA 98005

352-285551-16

EXHIBIT “A-2”

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Hope Andrade
Secretary of State

**Forfeiture pursuant to Section 171.309 of the Texas Tax Code
of
SURREY OAKS, LLC**

File Number : 800812432

Certificate / Charter forfeited : August 07, 2009

The Secretary of State finds that:

1. The Secretary has received certification from the Comptroller of Public Accounts under Section 171.302 of the Texas Tax Code indicating that there are grounds for the forfeiture of the taxable entity's charter, certificate or registration; and
2. The Comptroller of Public Accounts has determined that the taxable entity has not revived its forfeited privileges within 120 days after the date that the privileges were forfeited.

Therefore, pursuant to Section 171.309 of the Texas Tax Code, the Secretary of State hereby forfeits the charter, certificate or registration of the taxable entity as of the date noted above and records this notice of forfeiture in the permanent files and records of the entity.



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade
Secretary of State

352-285551-16

EXHIBIT “B”



CERTIFICATION

I **Teresa Reynolds**, as representative of **Evanston Insurance Company**, certify that the attached documents are a true and correct copy of Policy Number **1P50126** with policy effective dates of **12/17/2010 to 12/17/2011**.

Signature: Teresa Reynolds

Title: Generalist Office Services

Date: 06/15/2016

SUBSCRIBED and SWORN TO before me on this 15th day of June, 2016



Carolyn M. Ford

Notary Public in and for the

State of Virginia

County of Norfolk

My Commission Expires: Aug. 2016

A STOCK COMPANY



Evanston Insurance Company
Ten Parkway North
Deerfield, IL 60015

INSURANCE POLICY

Coverage afforded by this policy is provided by the Company (Insurer) and named in the Declarations.

In Witness Whereof, the company (insurer) has caused this policy to be executed and attested and countersigned by a duly authorized representative of the company (insurer) identified in the Declarations.

Kathleen Anne Sturgeon

Secretary

Gerard Albano Jr.

President



Texas Important Notice

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call the company's toll-free telephone number for information or to make a complaint at

1-800-507-7626

You may write to the insurance company at:

Markel Legal Department
Ten Parkway North
Deerfield, Illinois 60015

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at

1-800-252-3439

You may write the Texas Department of Insurance at:

Texas Department of Insurance
Consumer Protection (111-1A)
P.O. Box 149091
Austin, TX 78714-9091
FAX # (512) 475-1771

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim, you should contact the agent or the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become a part or condition of the attached document.

Prescribed by the State Board of Insurance
Effective May 1, 1992

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de la compania para informacion o para someter una queja al:

1-800-507-7626

Usted puede escribir a la compania de seguros:

Markel Legal Department
Ten Parkway North
Deerfield, Illinois 60015

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas

Texas Department of Insurance
Consumer Protection (111-1A)
P.O. Box 149091
Austin, TX 78714-9091
FAX # (512) 475-1771

Web: <http://www.tdi.state.tx.us>

E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente o la compania primero. Si no se resuelve la disputa, puede entonces comunicarse con el Departamento de Seguros de Texas.

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

Ordenado por el consejo Estatal de Directures de Seguros, Efectivo el 1 de Mayo 1992



IMPORTANT POLICYHOLDER NOTICE

TEXAS SURPLUS LINES NOTICE

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85% (percent) tax on gross premium.



Evanston Insurance Company

COMMON POLICY DECLARATIONS

Previous Policy No.: NEW

Policy No.: 1P50126 - 0

Policy Period: FROM: 12/17/2010 TO: 12/17/2011 at 12:01 A.M. Standard Time at your mailing address shown

below.

Term: Annual

Retroactive Date: N/A

Named Insured: Surrey Oaks Apartments
Management of Surrey Oaks LLC

Mailing Address:

Address Line 1: 525 King George Drive

Address Line 2:

City: Fort Worth State: TX Zip Code: 76112

BUSINESS DESCRIPTION: Apartments

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.
THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT

Commercial Property Coverage Part	\$ 14,937
TOTAL	\$ 14,937

Audit Period: Annual unless otherwise stated:

Agents Name: CRC Insurance Services, Inc.-Dallas

Agents Mailing Address:

Address Line 1: 14001 N. Dallas Parkway, Suite M-100

Address Line 2:

City: Dallas State: TX Zip Code: 75240

Agent Number: 07530

Countersigned: December 17, 2010
DATE

By: 
AUTHORIZED REPRESENTATIVE



Evanston Insurance Company

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Policy No.: 1P50126 - 0
12:01 A.M. Standard Time

Effective Date: 12/17/2010

Supplemental Declaration is attached

BUSINESS DESCRIPTION*						
DESCRIPTION OF PREMISES						
Prem. No. 1	Bldg. No. 1-8	Location, Construction and Occupancy 525 King George Drive Fort Worth, TX 76112 Frame - Apartments				
COVERAGES PROVIDED - INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGE FOR WHICH A LIMIT IS SHOWN.						
PREM. NO. 1	BLDG. NO. 1-8	COVERAGE See Schedule "A"	LIMIT OF INSURANCE See Schedule "A"	COVERED CAUSES OF LOSS Special Form	VALUATION Actual Cash Value - Building Per Form - Business Income w/Extra Expense	COINSURANCE 80%
OPTIONAL COVERAGE - APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW.						
PREM. NO. 1	BLDG. NO. 1-8					
MORTGAGE HOLDER(S)						
PREM. NO. 1	BLDG. NO. 1-8	MORTGAGE HOLDER NAME AND MAILING ADDRESS Fannie Mae, ISAOA C/O Citibank, N.A. P.O. Box 193924 San Francisco, CA 94119-3924				
DEDUCTIBLE						
\$25,000		<input checked="" type="checkbox"/> PER OCCURRENCE		<input type="checkbox"/> PER LOCATION		<input type="checkbox"/> PER BUILDING
FORMS AND ENDORSEMENTS: See Schedule of forms						
PREMIUM FOR THIS COVERAGE PART:						

*Information omitted if shown elsewhere in the policy. **Inclusion of date optional.

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Countersigned: _____

DATE

By: _____

AUTHORIZED REPRESENTATIVE

Richard Albano Jr.



Evanston Insurance Company

Forms Schedule

Policy Number: 1P50126

Insured: Surrey Oaks Apartments Management of Surrey Oaks LLC

Form Number / Form Name:

MPIL 1009 04 10 TEXAS NOTICE	MPIL 1010 05 10 TEXAS SURPLUS LINES NOTICE
MJIL 1000 06 10 POLICY JACKET - EVANSTON	011-1058 (07-09) COMMON POLICY DEC
011-1051(05-98) COMM PROP SUPP DEC	IG0080 (07/09) POLICY FORM LISTING
CP 00 10 06 07 BUILDING AND PERSONAL PROP COV FORM	CP 00 30 06 07 BUSINESS INCOME AND EXTRA EXPENSE COVG FORM
CP 10 30 06 07 CAUSES OF LOSS - SPECIAL FORM	CP 10 32 08 08 WATER EXCLUSION ENDT
EB1(07-09) EQUIPMENT BREAKDOWN ENDORSEMENT	IP0051 (11/09) ACTUAL CASH VALUE DEFINITION
IP0063 (09/09) PROP PLUS ENDT	JGF-9(05-09) PROTECTIVE SAFEGUARD ENDT
JGF-25(05-04) ROOF VALUATION ENDT	IL 00 17 11 98 COMMON POLICY CONDITIONS
IL 00 31 01 06 EXCL OF TERRORISM INVOLVING NUCLEAR OR BIOLOGICAL OR CHEMICAL TERRORISM	IL 09 35 07 02 EXCL OF CERTAIN COMPUTER
IL 09 53 01 08 EXCL OF ACTS OF TERRORISM	MEIL 1212 06 10 MIN RETAINED PREM ENDT
	Schedule "A"

IG0080 (07/09)

COMMERCIAL PROPERTY
CP 00 10 06 07

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H., Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software;

- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

(1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

(a) You were required to comply with before the loss, even when the building was undamaged; and

(b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

(a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

(b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

(a) We will not pay for the Increased Cost of Construction:

(i) Until the property is actually repaired or replaced, at the same or another premises; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.

(c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.

(8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

(9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

(1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.

(2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

(3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

(a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.

(b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.

(c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

(d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

(i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.

(2) This Extension does not apply to property:

(a) In or on a vehicle; or

(b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building #1:	\$ 60,000
Limit of Insurance – Building #2:	\$ 80,000
Loss to Building #1:	\$ 60,100
Loss to Building #2:	\$ 90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

$$\begin{array}{r} \$ 60,100 \\ - \quad 250 \\ \hline \end{array}$$

\$ 59,850 Loss Payable – Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

EXAMPLE #2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building #2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building #1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building #2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
 - c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
 - d. Glass at the cost of replacement with safety-glazing material if required by law.
 - e. Tenants' Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

2. Mortgageholders

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

EXAMPLE #3

When:	The value of the property is:	
	Building at Location #1:	\$ 75,000
	Building at Location #2:	\$ 100,000
	Personal Property at Location #2:	<u>\$ 75,000</u>
		\$ 250,000
	The Coinsurance percentage for it is:	90%
	The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is:	\$ 180,000
	The Deductible is:	\$ 1,000
	The amount of loss is:	
	Building at Location #2:	\$ 30,000
	Personal Property at Location #2:	<u>\$ 20,000</u>
		\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

EXAMPLE

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F., Definitions.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:

- (a) Used in the construction, alterations or additions; or
- (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.

(3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations includes Collapse as set forth in that form.
- (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.
- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

(5) This Additional Coverage – Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.

c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

- (1) This policy expires;
- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,
 that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

EXAMPLE #1 (UNDERINSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 150,000

The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 200,000

The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When: The Limit of Insurance is:	\$ 120,000
The fraction shown in the Declarations for this Optional Coverage is:	1/4
The most we will pay for loss in each period of 30 consecutive days is:	\$ 30,000
(\$120,000 x 1/4 = \$30,000)	
If, in this example, the actual amount of loss is:	
Days 1-30:	\$ 40,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	<u>\$ 90,000</u>
We will pay:	
Days 1-30:	\$ 30,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	<u>\$ 80,000</u>

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:

- (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

- b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

EXAMPLE

When: The Limit of Insurance is: \$ 100,000
 The Agreed Value is: \$ 200,000
 The amount of loss is: \$ 80,000

Step (1): $\$100,000 + \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 30 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.
 "Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.
 "Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.
2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;
 caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY
CP 10 30 06 07

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section G., Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section B., Exclusions; or
 2. Limited in Section C., Limitations;
- that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.

k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

(a) To the extent that coverage is provided under the Additional Coverage – Collapse; or

(b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your cancelling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph B.1.a., Ordinance Or Law;

(b) Paragraph B.1.c., Governmental Action;

(c) Paragraph B.1.d., Nuclear Hazard;

(d) Paragraph B.1.e., Utility Services; and

(e) Paragraph B.1.f., War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- a. Animals, and then only if they are killed or their destruction is made necessary.
- b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

- c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

(1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. \$2,500 for furs, fur garments and garments trimmed with fur.

b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

c. \$2,500 for patterns, dies, molds and forms.

d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in D.1. through D.7.

1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in 2.a. or 2.b.;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does not apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in 2.a. through 2.d., we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in D.1. through D.7.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, F.3., does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

COMMERCIAL PROPERTY
CP 10 32 08 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The exclusion in Paragraph **B.** replaces the **Water Exclusion** in this Coverage Part or Policy.

B. Water

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
2. Mudslide or mudflow;
3. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
4. Water under the ground surface pressing on, or flowing or seeping through:
 - a. Foundations, walls, floors or paved surfaces;
 - b. Basements, whether paved or not; or
 - c. Doors, windows or other openings; or

5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph 1., 3. or 4., or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs 1. through 5., is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs 1. through 5., results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).



Evanston Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Equipment Breakdown Enhancement Endorsement

* Entry optional if shown in the Common Policy Declarations. If no entry is shown, the effective date of the endorsement is the same as the effective date of the policy.

*ATTACHED TO AND FORMING PART OF POLICY NO.	*EFFECTIVE DATE OF ENDORSEMENT	*ISSUED TO
1P50126 - 0	12/17/2010	Surrey Oaks Apartments Management of Surrey Oaks LLC

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

Endorsement Premium \$ 350.00

Read the entire endorsement carefully to determine rights, duties and what is and is not covered.

As respects this Equipment Breakdown Enhancement Endorsement, this endorsement changes coverage provided by the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. COVERAGE

4. Additional Coverages

The following **Additional Coverage** is deleted and replaced with the following:

d. Pollutant Clean Up and Removal

We will pay for the Pollutant Clean Up and Removal for loss resulting from an "Equipment Breakdown". The most we will pay for the Pollutant Clean Up and Removal is \$250,000 unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached. In that case, whichever limit is greater will apply.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The following **Additional Coverages** are added:

Expediting Expenses

We will pay for the expediting expense loss resulting from an "Equipment Breakdown" with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

- (1) Make temporary repairs;

- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement

Reasonable extra cost shall mean "the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation." This will be a part of and not an addition to the limit per loss.

Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "Equipment Breakdown".

The most we will pay for loss or damage under this coverage is \$250,000 unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached. In that case, whichever limit is greater will apply.

Spoilage

We will pay for loss of "perishable goods" due to spoilage resulting from lack or excess of power, light, heat, steam or refrigeration caused by an "Equipment Breakdown" to types of property covered by this policy, that are:

- (1) Located on or within 1,000 feet of your described premises; and
- (2) Owned by you, the building owner at your described premises, or owned by a public utility.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

The most we will pay for loss or damage under this coverage is \$250,000 unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached. In that case, whichever limit is greater will apply.

"Perishable goods" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

Service Interruption

Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an "Equipment Breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "Equipment Breakdown" except that it is not Covered Property.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss.

Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

CFC Refrigerants

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances. Additional costs mean those in excess of what would have been required to repair or replace covered property, had no CFC refrigerant been involved. We also pay for additional loss as described under the Spoilage or Loss of Income Coverages provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We pay no more than the least of the following:

- (1) The cost to repair the damaged property and replace any lost CFC refrigerant;
- (2) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- (3) The cost to replace the system with one using a non-CFC refrigerant.

Computer Equipment

We will pay for loss or damage to your "computer equipment" caused by an "Equipment Breakdown".

"Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment, and electronic media and records.

Media or Data

We will pay for loss or damage to your "Media" or "Data" caused by an "Equipment Breakdown". We will pay for your cost to research, replace, restore all forms of electronic and magnetic tapes and disks and "data" and the costs to reprogram instructions for use in any covered electronic computer or electronic data processing equipment.

We will not pay to reproduce:

1. Software programs or operating systems that are not commercially available; or
2. "Data" that is obsolete, unnecessary or useless to you.

The most we will pay for loss or damage under this coverage for "Media" and "Data" is \$25,000 unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached. In that case, whichever limit is greater will apply.

If "Media" is damaged or "Data" is lost or corrupted, we will pay your actual loss of "Business Income" and/or "Extra Expense" during the time necessary to:

1. Research, replace or restore the damaged "Media" or lost or corrupted "Data", and
2. Reprogram instructions used in any covered "Computer Equipment".

There shall be no coverage for any "Media" or "Data" that we determine is not or cannot be replaced or restored.

Unless a higher limit is shown in the Declarations, we will pay the lesser of your actual loss of "Business Income" and/or "Extra Expense" up to 30 days after the "Period of Restoration" or \$25,000.

"Media" means material on which "Data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks. "Data" means information or instructions used by computers or computerized equipment.

F. ADDITIONAL CONDITIONS

The following **Additional Conditions** are added:

Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

- (1) Your last known address; or
- (2) The address where the property is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

Jurisdictional Inspections

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

Environmental, Safety and Energy Efficiency Improvements

If Covered Property requires replacement due to an "Equipment Breakdown", we will pay your additional cost to replace with equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not apply to any property to which Actual Cash Value applies.

Green Environmental and Efficiency Improvements

If Covered Property requires repair or replacement due to an "Equipment Breakdown", we will pay;

- a. The lesser of the reasonable and necessary additional cost incurred by the Insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "Green". Like kind and quality includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by the Insured for an accredited professional certified by a "Green Authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".
- c. The additional reasonable and necessary cost incurred by the Insured for certification or recertification of the repaired or replaced Covered Property as "Green".
- d. The additional reasonable and necessary cost incurred by the Insured for "Green" in the removal, disposal or recycling of damaged Covered Property.
- e. The business interruption (if covered within the Policy to which this **Equipment Breakdown Enhancement Endorsement** is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "Green", in the coverages above.

We will not pay more than 125%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

Green Environmental and Efficiency Improvements does not cover any of the following:

- a. Covered Property does not include stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional

support of the real property, process water, molds and dies, property in the open, property of others for which the Insured is legally liable, or personal property of others.

- b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. Any loss covered under any other section of this policy.
- d. Any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the "Equipment Breakdown".

These **Additional Conditions** will be a part of, and not an addition to, the limit of liability per loss or any other sub-limits of liability of this Policy.

H. DEFINITIONS

The following **Definitions** are added:
"Equipment Breakdown"

"Equipment Breakdown" as used herein means:

- a. Physical loss or damage both originating within:
 - (1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - a. Waste disposal piping;
 - b. Any piping forming part of a fire protective system; furnaces; and
 - c. Any water piping other than:
 - (1) Boiler feed water piping between the feed pump and the boiler; boiler condensate return piping; or water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
 - (2) All mechanical, electrical, electronic or fiber optic equipment; and
- b. Caused by, resulting from, or consisting of:
 - (1) Mechanical breakdown;
 - (2) Electrical or electronic breakdown; or
 - (3) Rupture, bursting, bulging, implosion, or steam explosion.
- c. If covered electrical equipment requires drying out as a result of a flood we will pay for the direct expense of such drying out.

However, "Equipment Breakdown" will not mean:

- a. Physical loss or damage caused by or resulting from any of the following; however if loss or damage not otherwise excluded results, then we will pay for such resulting damage:
 - (1) Wear and Tear;
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
 - (6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;

- (7) The following causes of loss to personal property:
- a. Dampness or dryness of atmosphere
 - b. Marring or scratching
- b. Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:
- Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.

"Green" means products, materials, methods and processes certified by a "Green Authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

"Green Authority" means an authority on "Green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "Green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "Green" rating system.

"Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
A. COVERED CAUSES OF LOSS

The following **Covered Causes of Loss** is added: "Equipment Breakdown."

B. EXCLUSIONS

The following **Exclusions** are deleted:

- 2.a. (CP1010 and CP1020) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires. But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.
- 2.d. (CP1010) 2.b. (CP1020) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion.
- 2.e. (CP1010 2.c. (CP1020) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

CAUSES OF LOSS - SPECIAL FORM
B. EXCLUSIONS

All Exclusions and limitations apply except:

B.2.a., B.2.d. (6) and B.2.e;

Limitations C. 1.a. and C. 1.b.

G. DEFINITIONS

The following is added to the "Specified Causes of Loss" definition: "Specified Causes of Loss" also means "Equipment Breakdown".

All other terms and conditions of this policy remain unchanged.

IP 00 51 11 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ACTUAL CASH VALUE DEFINITION

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

IP 00 51 11 09

ATTACHED TO AND FORMING PART OF
POLICY NUMBER: 1P50126

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY *PLUS* EXTENSION ENDORSEMENT

Various provisions in this endorsement restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this endorsement the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

This endorsement modifies and is subject to the insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

The following is a summary of the limits of insurance, additional coverages and extensions provided by this endorsement. For complete details on specific coverages, consult the policy contract wording. Unless otherwise stated in specific coverage provision, no coinsurance applies under this form. These coverages apply separately to each of your premises described in the declarations. If no limit is shown for a coverage, then that coverage does not apply and all references to it are deleted from this endorsement.

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible. The deductible provisions do not preclude the imposition of any applicable coverage waiting period, as stated in specific coverage section of this form. Unless a separate deductible amount is shown in a specific coverage section of this form, we will not pay for loss or damage in any one occurrence under any coverage on this endorsement until the amount of loss or damage exceeds the lesser of the building or business personal property deductible applicable to the highest valued building on the schedule at the covered location at the time of loss. Deductibles do not reduce the amount of insurance.

I. AMENDMENTS TO COVERAGES UNDER THE BUILDING AND PERSONAL PROPERTY COVERAGE FORM:

LIMITS OF INSURANCE

\$ 25,000

\$ 25,000
\$ 50,000
\$ 5,000
\$ 25,000
\$ 10,000
\$ 5,000
\$ 5,000 on/\$ 5,000 off premises
\$ 5,000
\$ 25,000
\$ 10,000 (including: extra expense, software & transit)
\$ 10,000
\$ 10,000
15% of Building limit up to \$100,000
\$ 10,000
\$ 15,000
\$ 300,000
\$ 125,000

\$ 25,000 per occurrence/\$1,000 per person

COVERAGE

Signs - Attached or Unattached - Indoor
& Outdoor
Pollutant Clean Up
Business Income & Extra Expense
Refrigerated Goods Spoilage
Accounts Receivable
Fire Protection Device Recharge
Loss Data Preparation
Money & Securities
Criminal Reward
Fine Arts
Electronic Data Processing (EDP)

Employee Dishonesty
Forgery and Alteration
Ordinance or Law
Fire Department Service Charge
Debris Removal
Newly Acquired Locations - Buildings
Newly Acquired Locations - Business
Personal Property
Personal Effects and Property of Others

\$ 25,000
 \$ 15,000
 \$ 10,000 per occurrence/\$250 per item

 \$ 5,000

Valuable Papers
 Property Off Premises
 Outdoor Property (including trees, shrubs
 & plants)
 "Emergency" Vacating Expense

II. AMENDMENTS TO COVERAGES UNDER THE CAUSES OF LOSS SPECIAL FORM:

\$ 1,000
 \$ 25,000
 \$ 10,000
 \$ 10,000
 \$ 10,000

Lock Replacement
 Backup of Sewers and Drains
 Utility Services Direct Damage
 Utility Services Business Income
 Property in Transit

THE BUILDING AND PERSONAL PROPERTY COVERAGE FORM IS AMENDED AS FOLLOWS:

Signs

1. "Signs (other than signs attached to buildings)" is deleted from Property Not Covered.
2. In the Limits of Insurance section, the provision pertaining to signs attached to buildings does not apply. The limit applicable to each sign is the limit shown in the schedule on this form in any occurrence.
3. Signs are subject to all applicable provisions of the Causes of Loss Form attached to this policy.

Pollutant clean-up and removal

Pollutant Clean Up and Removal, is deleted and replaced by the following:

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of pollutants. But we will pay for testing which is performed in the course of extracting the pollutants from the land or water.

The most we will pay under this Additional Coverage for each described premises is the limit shown in the Schedule of this form for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

The following are added to ADDITIONAL COVERAGES:

Business Income and Extra Expense

When a limit is shown on the schedule, coverage is provided as described and limited below for Business Income including "Rental Value".

1. Coverage

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises that are described in the Declarations of the policy to which this endorsement is attached. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- a. The portion of the building which you rent, lease or occupy; and
- b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

3. Extra Expense

Extra Expense means the necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- a. Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

4. Covered Causes of Loss, Exclusions and Limitations

See applicable Causes of Loss Form as shown in the Declarations.

5. Additional Limitation - Interruption of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage - Interruption of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage - Interruption of Computer Operations or as specifically provided elsewhere in this form.

c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. Additional Coverages**a. Civil Authority**

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

- (1) 3 consecutive weeks after the time of that action; or
- (2) When your Business Income coverage ends; whichever is later.

b. Alterations and New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New building or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

If the necessary "suspension" of your "operations" produces a Business Income or "Rental Value" loss payable under this policy, we will pay for the actual loss of Business Income or "Rental Value" you incur during the period that:

- (1) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and either "operations" are resumed or tenantability is restored; and
- (2) Ends on the earlier of:
 - (a) The date you could restore your "operations" or restore tenant occupancy, with reasonable speed, to the level which would generate the business income amount or "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (b) 30 consecutive days after the date determined in c.(1) above.

However, Extended Business Income does not apply to loss of Business Income or loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income or loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation - Interruption of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.

(3) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage - Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

(5) The Additional Coverage - Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

7. Coverage Extension - Newly Acquired Locations

- (1) You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- (2) The most we will pay under this Extension for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.
- (3) Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (a) This policy expires;
 - (b) 30 days expire after you acquire or begin to construct the property; or
 - (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance.

8. Exclusions and Limitations

See applicable Causes of Loss Form as shown in the Declarations. The Special Exclusions applicable to Business Income and Extra Expense also apply.

9. Limits of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Schedule.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

- a. Alterations and new Buildings;
- b. Civil Authority;
- c. Extra Expense; or
- d. Extended Business Income.

10. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

a. Appraisal

All provisions included in the Appraisal Condition in CP0010 shall also apply to the amount of Net Income and operating expense or the amount of loss.

b. Duties in the Event of Loss Or Damage

All provisions included in the Duties in the Event of Loss or Damage Condition in CP0010 shall also apply to Business Income. The following is added to that condition:

- (1) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

c. Loss Determination

- (1) The amount of Business Income loss will be determined based on:

- (a) The Net Income of the business before the direct physical loss or damage occurred;

- (b) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

- (c) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

- (d) Other relevant sources of information, including:

- (i) Your financial records and accounting procedures;
 - (ii) Bills, invoices and other vouchers; and
 - (iii) Deeds, liens or contracts.

- (2) The amount of Extra Expense will be determined based on:

- (a) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- (i) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

- (ii) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

- (b) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

(3) Resumption of Operations

We will reduce the amount of your:

- (a) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(b) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

(4) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

(5) Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

No deductible applies to this Additional Coverage.

Refrigerated Goods Spoilage

We will pay for direct physical loss or damage to your business personal property and perishable personal property of others while in your care at or within 1000 feet of the described premises, caused by spoilage due to change in temperature or humidity resulting from:

(1) mechanical breakdown or failure of refrigerating, cooling or humidity control apparatus or equipment, only while such apparatus is at the described premises; and

(2) contamination by refrigerant; or

(3) complete or partial interruption of electrical power, either on or off the described premises due to conditions beyond your control.

Section A. Paragraph 5., Coverage Extensions of the Building and Personal Property Coverage Form does not apply.

Section B. Exclusions and Limitations of the Building and Personal Property Coverage Form is replaced by the following:

(1) Exclusions

(a) Only the following exclusions contained in paragraph B.1. of the Special Causes of Loss form apply to this coverage:

(i) EARTH MOVEMENT;

(ii) GOVERNMENTAL ACTION;

(iii) NUCLEAR HAZARD

(iv) WAR AND MILITARY ACTION; and

(v) WATER.

(b) The following exclusions are added:

We will not pay for loss or damage caused by or resulting from:

(i) the disconnection of any refrigerating, cooling or humidity control system from the source of power;

(ii) the deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;

(iii) the inability of an Electrical Utility Company or other power source to provide sufficient power due to lack of fuel or governmental order;

(iv) the inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand;

(v) breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

A \$500 deductible applies to this Additional Coverage.

The most we will pay for loss or damage in any one occurrence under this Additional Coverage is the limit shown in the Schedule of this form.

Accounts Receivable

We have extended the insurance that applies to your business personal property to apply to your records of accounts receivable:

(1) at a described premises or in or on a vehicle in transit between described premises; or

(2) if the records must be removed from a described premises to protect them from the threat of a Covered Cause of Loss

We will pay for the loss while they are:

(a) at a safe place away from your described premises; or

(b) being taken to and returned from that place.

The amount of your accounts receivable loss includes:

(1) all amounts due from your customers that you are unable to collect;

(2) interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(3) collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage;

(4) other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable, including credit or charge card slips.

Accounts receivable loss payment will be determined as follows:

- (1) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
 - (a) determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (b) adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance for that month.
- (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (a) the amount of the accounts for which there is no loss or damage; and
 - (b) the amount of the accounts that you are able to reestablish or collect; and
 - (c) an amount to allow for probable bad debts that you are normally unable to collect; and
 - (d) all unearned interest and service charges.
- (3) You will pay us the amount of all recoveries you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.

We will not pay for loss or damage caused by or resulting from any of the following:

- (1) alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property. This exclusion applies only to the extent of the wrongful giving taking or withholding;
- (2) loss that requires any audit of records or any inventory computation to prove its factual existence;
- (3) loss resulting from bookkeeping, accounting or billing errors or omissions.

The most we will pay under this coverage is the limit shown in the Schedule of this form.

Fire Protection Device Recharge

We will pay to recharge or refill your fire protective devices that are permanently installed in buildings at described premises. This coverage only applies when such devices have been discharged while being used to combat a covered fire at the premises described in the declarations, which results in a covered loss. The most we will pay under this additional coverage is the limit shown in the Schedule of this form.

Loss Data Preparation Costs

We will pay up to the limit shown in the Schedule of this form for reasonable costs you incur in preparing loss data required by policy conditions of this policy after a covered property loss. This includes the cost of taking inventory, making appraisals and preparing other data to determine the extent of your loss. This coverage does not include payments for any services rendered by a public adjuster.

"Money" and "Securities"

We will pay for loss of "money" and "securities" used in your business while at the bank or savings institution, at the covered location or in transit between any of these places, resulting directly from:

- (1) "theft", meaning any act of stealing;
- (2) disappearance; or
- (3) destruction.

We will not pay for loss:

- (1) resulting from accounting or arithmetical errors or omissions;
- (2) due to the giving or surrendering of property in any exchange or purchase; or
- (3) of property contained in any "money" operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.

All loss covered by one or more persons or involving a single act or series of related acts is considered one loss. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

Valuation Settlement: We will pay for:

Loss of "money" for not more than its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:

- (1) at face value in the "money" issued by that country; or

(2) in the United States of America's dollar equivalent on the day the loss was discovered.

Loss of "securities" for not more than their value at the close of business on the day the loss was discovered. We may, at our option:

- (1) pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities";
- (2) pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities." However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the value of the "securities" at the close of business on the day the loss was discovered.

The most we will pay for loss in any one occurrence is:

- (1) The limit shown in the Schedule of this form for: On Premises "Money" and "Securities" while:
 - (a) in or on the covered location; or
 - (b) within a bank or savings institution; and
- (2) The limit shown in the Schedule of this form for: Off Premises "Money" and "Securities" while anywhere else.

A \$500 deductible applies to this Additional Coverage.

Criminal Reward

We have extended the insurance provided by this endorsement for information leading to the arrest and conviction of persons responsible for crimes committed against the insured, when any covered loss is deemed suspicious by the police or fire department, and only when the person responsible is convicted of the crime.

The most we will pay under this extension is the limit shown in the Schedule of this form for criminal reward.

Fine Arts

We have extended the insurance that applies to your business personal property to apply to "Fine Arts."

Valuation will be determined as follows:

- (1) The value will be the least of:
 - (a) the market value of that property;
 - (b) the amount for which you are liable, if the property belongs to another;
 - (c) the cost of reasonably restoring that property to its condition immediately before a loss;

(d) the cost of replacing that property with substantially identical property; or

(e) the amount of insurance stated in this coverage extension.

The value of the property will be determined at the time of loss in the event of loss.

You must agree that:

- (1) Covered Property will be packed and unpacked by professional packers.
- (2) In the case of loss to any part of sets or pairs, we may:
 - (a) repair or replace any part to restore the pair or set to its value before the loss; or
 - (b) pay the difference between the value of the pair or set before and after the loss.

Property Not Covered means property while on exhibition at fair grounds or on the premises of any national or international exposition, or contraband or property in the course of illegal transportation or trade.

We will not pay for loss caused by or resulting from any of the following:

- (1) Delay, loss of use, loss of market or any other consequential loss;
- (2) Dishonest acts by you, your employees or authorized representatives; or anyone else with an interest in the property, or their employees or authorized representatives; or anyone entrusted with the property (except a carrier for hire). This exclusion applies whether or not such persons act alone or in collusion with other persons or whether or not such acts occur during the hours of employment.
- (3) Any repair, restoration or retouching of the covered property.
- (4) Wear and tear, any quality on the property that causes it to damage or destroy itself, pollution damage, gradual deterioration, or damage from insects, vermin or rodents. But if loss by a Covered Cause of Loss results, we will pay for the resulting loss.

The most we will pay under this Additional Coverage is the limit shown in the Schedule of this form.

Electronic Data Processing Equipment Including Extra Expense, Software and Transit

The Additional Coverage for Electronic Data is deleted and replaced by the following:

We have extended the insurance that applies to your business personal property to apply to:

(1) Equipment - meaning your electronic data processing, word processing and telecommunications equipment including their component parts;

(2) Software-meaning Data, Programs and Media

(a) Data is information that has been converted to a form usable in data or word processing equipment. Data includes computer programs.

(b) Media is the material on which data is recorded.

(3) Extra Expense - means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) to avoid or minimize the suspension of business and to continue your normal business operations

(i) at the described premises; or

(ii) at replacement premises or at temporary locations, including: relocation expenses and costs to equip and operate the replacement or temporary locations;

(b) to minimize suspension of business if you cannot continue your normal business operations; or

(c) to repair or replace the lost information on damaged valuable papers and records to the extent it reduces the amount of loss that otherwise would have been payable under this Extra Expense Coverage.

We will pay up to the limit stated in the Schedule of this form of the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to:

(1) electronic data processing equipment, word processing equipment, telecommunications equipment, or data and media, which you own, lease or is under your control and is at your described premises or in transit;

(2) the building in which the property described in (1) above is located, provided the building is damaged to an extent which prevents access to the property;

(3) the air conditioning system that specifically services your data or word processing operation;

(4) the electrical or telecommunication system that specifically services your data or word processing operation, provided the damage to the system occurs inside or within 1000 feet of the building housing your data or word processing operation.

Covered property does not include:

(1) property you loan, rent or lease while it is away from your described premises;

(2) data or media which cannot be replaced with other of the same kind or quality;

(3) accounts, bills, evidences of debt, valuable papers, abstracts, records, deeds, manuscripts or other documents, unless converted to Data, and then only in that form.

Exclusions - The Causes of Loss Special Form is amended as follows:

(1) The following exclusions are deleted as respects Electronic Data Processing Equipment Including Extra Expense, Software and Transit: 2. a., 2. c., 2. d.(2), 2. d.(3), 2. d. (4), 2. d. (5), 2. d. (6), 2. d. (7)(a), 2. e. , 2.l.

(2) The following exclusions are added:

2.n. Any change in, or interruption of:

(a) power supply; or

(b) telecommunications service

if the change originates more than 1000 feet away from the premises containing the covered property (equipment). But if a loss or damage by fire, explosion or theft results, we will pay for that resulting loss.

In addition to the above, we will not pay for any Extra Expense you incur due to:

(a) programming errors or incorrect machine instructions;

(b) interference by strikers or other persons with repairs to damaged property, or with resumption of normal business operations;

(c) mechanical or machinery breakdown of any property not named in the Extra Expense coverage;

(d) the suspension, lapse or cancellation of any lease, license or contract beyond the "period of restoration;"

(e) any other consequential loss.

Valuation will be determined as follows:

- (1) Equipment - we will adjust a loss to Equipment on the basis of replacement cost. The most we will pay is:
 - (a) the amount necessary to repair the equipment; or
 - (b) the amount necessary to replace the equipment with material of the same kind or quality; or
 - (c) the applicable limit of insurance; whichever is less.
- (2) Software
 - (a) Data (including Programs), when insured on a combined limit basis with Media on the schedule, will be the actual cost of replacing the Data. If it is not replaced or reproduced, we will pay the cost of the blank Media.
 - (b) Media - we will value Media at the cost to replace the Media with material of the same kind or quality.

If we notify you in writing after we receive your signed, sworn statement of loss, we may take all or part of the damaged property at a value that we will agree upon with you. If we choose, we may also repair the damaged property, or replace it with similar property.

The most we will pay under this Additional Coverage is the limit shown in the Schedule of this form for Electronic Data Processing Equipment including Extra Expense, Software and Transit.

Employee Dishonesty

- (1) We will pay for direct loss of or damage to business personal property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (a) cause you to sustain loss or damage; and also
 - (b) obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (i) any employee; or
 - (ii) any other person or organization.

- (2) We will not pay for loss or damage:

- (a) resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons,
- (b) or where the only proof of which as to its existence or amount is:
 - (i) an inventory computation; or
 - (ii) a profit and loss computation.

- (3) The most we will pay for loss or damage in any one occurrence is the limit shown in the Schedule of this form.
- (4) All loss or damage caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
- (5) We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no limit of insurance cumulates from year to year or period to period.
- (6) This Additional Coverage does not apply to any employee immediately upon discovery by you or any of your partners, officers or directors not in collusion with the employee of any dishonest act committed by that employee before or after being hired by you.
- (7) We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.
- (8) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage provided:
 - (a) this Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (b) the loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- (9) The insurance under paragraph (8) above is part of, not in addition to, the amount of insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
 - (a) this Additional Coverage as of its effective date; or
 - (b) the prior insurance had it remained in effect.

(10) Employee also includes any non-compensated natural person:

(a) other than one who is fund solicitor, while performing services for you that are usual to the duties of an employee; or

(b) while acting as fund solicitor during fund raising campaigns.

A \$500 deductible applies to this Additional Coverage.

Forgery or Alteration

(1) We will pay for loss involving covered instruments resulting directly from the covered causes of loss as stated in this Additional Coverage

(a) Covered Instruments: Checks, drafts, promissory notes or similar written promises, orders or directions to pay a sum certain in "money" that are:

(I) made or drawn by or drawn upon you;

(II) made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(b) Covered Causes of Loss: Forgery or alteration of, on or in any covered instrument.

(c) Extension: Legal Expenses: If you are sued for refusing to pay a covered instrument on the basis that has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the limit of insurance applicable to the Forgery Additional Coverage.

(2) The most we will pay for loss in any one occurrence is the limit shown in the Schedule of this form.

(3) We will not pay for loss resulting from any dishonest or criminal act committed by any of your employees, directors or trustees:

(a) whether acting alone or in collusion with other persons, or

(b) while performing services for you or otherwise.

(4) Additional conditions applicable to this Additional Coverage

(a) We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.

(b) You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

(c) We will cover loss you sustain anywhere in the world. This supersedes any other territorial definitions elsewhere in the policy.

(d) We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.

(5) An occurrence as respects this Additional Coverage means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.

A \$500 deductible applies to this Additional Coverage.

Ordinance or Law Coverage

The following replaces Increased Cost of Construction in the Building and Personal Property Coverage Form and in the Condominium Association Coverage Form and deletes the Ordinance or Law exclusion in the Causes of Loss - Special Form:

(1) If a Covered Cause of Loss occurs to covered building property, we will pay:

(a) for loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

(i) requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;

(ii) regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(iii) is in force at the time of loss;

(b) the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law;

(c) the increased cost to:

(i) repair or reconstruct damaged portions of that building; and/or

(ii) reconstruct or remodel undamaged portions of that building whether or not demolition is required;

when the increased cost is a consequence of enforcement of in the minimum requirements of the ordinance or law.

However:

(i) this coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Coverage under this endorsement applies only in response to minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

If the building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law, we will not pay the full amount of loss otherwise payable under this coverage. Instead, we will pay a portion of such loss, meaning the portion that the covered direct physical damage bears to the total physical damage. However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of this coverage.

(2) (a) We will not pay the following under coverage in (1)(a), (b) or (c) above:

(i) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" (as defined in form CP 00 10) or due to the presence, growth, proliferation, spread or any activity of "fungus" (as defined in form CP 00 10), wet or dry rot or bacteria; or

(ii) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" (as defined in form CP 00 10), "fungus" (as defined in form CP 00 10), wet or dry rot or bacteria.

(b) We will not pay the increased coverage afforded by (1)(c) above:

(i) until the property is actually repaired or replaced, at the same or another premises; and

(ii) unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(c) We will not pay for loss due to any ordinance or law that:

(i) you were required to comply with before the loss, even if the building was undamaged; and

(ii) you failed to comply with.

(3) When there is a loss in value of an undamaged portion of a building, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(a) If the Replacement Cost Coverage Option applies and the property is being repaired or replaced on the same or another premises, we will not pay more than the amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on same premises and to the same height, floor area, style and comparable quality of the original property insured;

(b) If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the actual cash value of the building at the time of loss.

Both of the above are also subject to the maximum limit applicable to all loss or damage combined in any one occurrence shown in paragraph (4) that follows.

(4) The most we will pay for the total of all covered losses is 15% of the building limit applicable to the damaged building up to a maximum of the limit shown in the Schedule of this form.

The following loss payment provisions also apply:

(a) For demolition cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(b) With respect to the increased cost of construction:

(i) We will not pay for the increased cost of construction until the property is actually repaired or replaced at the same or another premises and unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(ii) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(iii) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) The terms of this coverage apply separately to each building to which this coverage applies.

5. Additional Coverages are amended as follows:

c. Fire Department Service Charge is deleted in its entirety and is replaced by the following:

Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the limit shown in the Schedule of this form for your liability for fire department service charges:

(1) assumed by contract or agreement prior to loss; or

(2) required by local ordinance.

No deductible applies to this Additional Coverage.

Debris Removal

Paragraph a.(4) of Additional Coverages, Debris Removal, is deleted and replaced by the following:

(4) We will pay up to the additional amount shown in the Schedule of this form for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus the limit for Debris Removal shown on the Schedule.

6. The following Coverage Extensions are amended as follows:

a. Newly Acquired or Constructed Property is deleted in its entirety and is replaced by the following:

Newly Acquired or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is the limit shown in the Schedule of this form at each building.

(2) Your Business Personal Property

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

(i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is the limit shown in the Schedule of this form at each building.

- (b) This Extension does not apply to:
 - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires.
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

- b. Personal Effects and Property of Others is deleted in its entirety and replaced by the following:

Personal Effects and Property of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees.
- (2) Personal property of others in your care, custody or control, including property belonging to individuals in your care.

The most we will pay for loss or damage under this Extension is the limit shown in the Schedule of this form at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. We can settle all losses with you and make all payments to you at our option. This property is not covered if it is already insured elsewhere.

- c. Valuable Papers and Records (Other Than Electronic Data) is deleted in its entirety and replaced by the following:

Valuable Papers and Records (Other Than Electronic Data)

You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered - Electronic Data.

Under this Extension the most we will pay to replace or restore the lost information is the limit shown on the Schedule of this form at each described premises. Such amount is additional Insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

- d. **Property Off Premises** - the last sentence is amended to read as follows:

The most we will pay under this extension is the limit shown in the Schedule of this form.

- e. Outdoor Property is deleted in its entirety and replaced by the following:

Outdoor Property

The most we will pay for loss or damage under this extension to trees, shrubs and plants, including debris removal expense, is the limit shown in the Schedule of this form subject to the per item amount. For all other outdoor property, the most we will pay for loss or damage under this extension is the limit per occurrence shown in the Schedule of this form.

We have extended the insurance provided by this Coverage Form to apply to your outdoor radio and television antennas (including satellite dishes), trees limited to within 100 feet of buildings or blocking roadways, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) fire;
- (2) lightning;
- (3) explosion;
- (4) riot or civil commotion;
- (5) aircraft; or
- (6) windstorm.

7. The following is added to COVERAGE EXTENSIONS

g. "Emergency" Vacating Expenses

The insurance provided by this Coverage Form is extended to apply to the reasonable expenses that you incur in the "emergency" vacating of the premises of your facility.

We will not pay any expenses under this extension arising out of:

- (1) a strike, bomb threat or false fire alarm, unless vacating is ordered by civil authority;
 - (2) a planned vacating drill;
 - (3) the vacating of one or more of your customers, clients, residents, students, campers or users of your facility that is due and confined to their individual medical condition; or
 - (4) any of the following to the extent these causes of loss are excluded in Section B. of this Coverage Form:
 - (a) governmental action;
 - (b) nuclear hazard; and
 - (c) war and military action.
- No other exclusions in your policy apply to this extension.

A \$500 deductible applies to this Additional Coverage.

The most we will pay for "Emergency" Vacating Expenses in any one occurrence under this extension is the limit shown in the Schedule of this form.

THE CAUSES OF LOSS - SPECIAL FORM IS AMENDED AS FOLLOWS:

The following ADDITIONAL COVERAGES are added:

Lock Replacement

You may extend the insurance provided by this Coverage Part to apply to the cost to repair or replace the door locks or tumblers of your described premises due to theft of your door keys. The most we will pay under this Additional Coverage is the limit shown in the Schedule of this form. This is additional insurance and the coinsurance condition does not apply to this Additional Coverage. No deductible applies to this Additional Coverage.

Water Back Up of Sewers and Drains

We will pay the loss or damage caused by or resulting from water that backs up from a sewer or drain. The most we will pay under this Coverage Extension is the limit shown in the Schedule of this form in any one covered cause of loss.

Utility Services - Direct Damage

We will pay for loss of or damage to Covered Property described in the Schedule, caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss (as indicated in the Schedule) to the types of property described below and located off the described premises. Coverage under this section for loss or damage to Covered Property does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

The Utility Services limit of insurance, as shown in the schedule, is the only limit which applies to the coverage provided under this section, and is in addition to the Limit of Insurance stated in the declarations as applicable to the described premises.

Applicable off premises property:

- (1) Water Supply Services, meaning the following types of property supplying water to the described premises:
 - (a) pumping stations; and
 - (b) water mains.
- (2) Communication Supply Services, meaning property supplying communications service, including telephone, radio, microwave or television services to the described premises, such as:
 - (a) communication transmission lines except overhead transmission lines, including optic fiber transmission lines;
 - (b) coaxial cables; and
 - (c) microwave radio relays, except satellites.

(3) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

- (a) utility generating plants;
- (b) switching stations;
- (c) substations;
- (d) transformers; and
- (e) transmission lines, except overhead transmission lines.

The most we will pay for loss or damage under this Additional Coverage is the limit shown in the Schedule of this form.

Utility Services Business Income Coverage

The most we will pay under this Coverage Extension is the limit shown in the Schedule of this form.

The Utility Services Business Income limit of insurance, as shown in the schedule, is the only limit which applies to the coverage provided under this section and is in addition to the limit of insurance stated in the declarations as applicable to the described premises.

Your coverage for Business Income and/or Extra Expense, as provided and limited in the applicable Coverage Form, is extended to apply to a "suspension" of "operations" at the described premises caused by an interruption in utility service to that premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the types of property described below and located outside of a covered building described on this policy.

Coverage under this section does not apply to Business Income loss or Extra Expense related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

(1) The insurance provided by the Business Income and Extra Expense additional coverage in this endorsement is extended to include loss or damage that you incur due to the interruption of water supply, communication supply or power supply service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property, not on the described premises:

(a) Water Supply Service means the following types of property supplying water to the described premises:

- (i) pumping stations; and
- (ii) water mains.

(b) Communication Supply Service means property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:

- (i) communication transmission lines;
- (ii) coaxial cables; and
- (iii) microwave radio relays except satellites.

Communication Supply Service does not include overhead communication lines.

(c) Power Supply Service means the following types of property supplying electricity, steam or gas to the described premises:

- (i) utility generating plants;
- (ii) switching stations;
- (iii) substations;
- (iv) transformers; and
- (v) transmission lines.

Power Supply Service does not include overhead transmission lines.

(2) We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the utility service property to which the endorsement applies.

No deductible applies to this Additional Coverage.

2. ADDITIONAL COVERAGE EXTENSIONS are amended as follows:

Property in Transit is deleted in its entirety and is replaced by the following:

1. Property in Transit

The most we will pay for loss or damage under this extension is the limit shown in the Schedule of this form. This extension applies only to your business personal property to which this form applies.

a. We have extended the insurance provided by this Coverage Part to apply to your business personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be between points in the coverage territory and

- (1) in the custody of a "carrier" or bailee for hire; or
- (2) on vehicles you own, lease or operate.

- b. Loss or damage must be caused by or result from one of the following causes of loss:

- (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

This coverage is additional insurance. The Additional Condition, Coinsurance, does not apply to this extension.

3. EXCLUSIONS are amended as follows:

- a. The Utility Services Exclusion is deleted in its entirety and is replaced with the following:

Utility Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises except as provided in the Additional Coverage on this endorsement. Failure includes lack of sufficient capacity and reduction in supply. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

- b. Special exclusion 4.a.(1) is deleted in its entirety and is replaced with the following:

Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building, except as provided in the Additional Coverage on this endorsement. But if failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

THE FOLLOWING DEFINITIONS ARE ADDED AS RESPECTS THIS ENDORSEMENT:

1. "Carrier" means a person or organization who provides motor, rail or air transportation for compensation.
2. "Emergency" means imminent danger arising from an external event or a condition in the facility which would cause loss of life or harm to your customers, clients, residents, students, campers or users of your facility.

3. "Fine Arts" means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, stained glass windows, and similar property of rarity, historical value or artistic merit.

4. "Finished Stock" means stock you have manufactured. "Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

5. "Money" means:

- a. currency, coins and bank notes in current use and having a face value; and
- b. travelers checks, registered checks and money orders held for sale to the public.

6. "Operations" means your business activities occurring at the described premises and the tenantability of the described premises.

7. "Period of Restoration" means the period of time that:

- a. Begin

- (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
- (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. Ends the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" as defined in CP0010.

The expiration date of this policy will not cut short the "period of restoration".

8. "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
9. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
- a. tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money."
10. "Suspension" means:
- a. The shutdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable.

All other terms and conditions remain the same.



Evanston Insurance Company

PROTECTIVE SAFEGUARDS ENDORSEMENT

Failure to comply with the Protective Safeguard Clauses specified as applicable in the Schedule below shall suspend this insurance.

PROTECTIVE SAFEGUARD CLAUSE(S)

In consideration of the premium at which this policy is written, based on the protection of the premises by the protective safeguard system or systems indicated below, it is a condition of this policy that the insured shall exercise due diligence in maintaining in complete working order all equipment and services pertaining to the system which are under the control of the insured, including any special maintenance or service requirements indicated below. It also is a condition of this insurance that the insured shall give immediate notice to this Company of any impairment in or suspension of any equipment or service pertaining to the system within the knowledge of the insured.

- A. ☐ Automatic Sprinkler System
In further consideration of the premium at which this policy is written, it is a condition of this policy that the insured shall have the automatic sprinkler system serviced by an independent contractor licensed to service and maintain automatic sprinkler systems in the state in which the premises are located. It also is a condition of this policy that the insured shall have the automatic sprinkler system inspected and tested at least once per year by an independent contractor licensed to inspect and test automatic sprinkler systems in the state in which the premises are located.
- B. ☐ Automatic Fire Alarm, reporting to a public or private fire alarm station.
- C. ☐ Activated and operational Central Station Burglar Alarm at all entryways and windows, reporting to a public alarm station or private burglar alarm company. Alarm must be in the "on" position during all non-working hours and/or whenever the insured's premises are unoccupied.
- D. ☐ Automatic Extinguishing System and Hood and Duct Cleaning.
It is a condition of this insurance that all ranges, deep-fat fryers, broilers and other cooking appliances, including their hoods, are protected by an approved, automatic fire extinguishing system, and insofar as such protective equipment is under the control of the insured, due diligence shall be used to maintain such system in complete working order.
All automatic extinguishing systems and hoods and duct work shall be cleaned and inspected by an outside cleaning service no less than twice a year.
It is also a condition of this insurance that all hoods and ducts are equipped with approved grease filters which shall be routinely cleaned.
- E. ☐ 24-Hour Professional on Premises Guard Service.
- F. ☐ U/L Approved Spray Paint Booth.
- G. ☐ Activated and operational Dust Abatement or Collection System.
- H. ☒ Fire Extinguishers distributed throughout the premises in accordance with City codes.

If more than one location is covered under this policy, indicate below which location the protection applies to:

Item or Location Number	Building Number	Location (Street, Address, City & State)	Clause(s) Applicable

This Endorsement must be attached to change endorsement when issued after the policy is written.



Evanston Insurance Company

ROOF VALUATION ENDORSEMENT

* Entry optional if shown in the Common Policy Declarations. If no entry is shown, the effective date of the endorsement is the same as the effective date of the policy.

<small>*ATTACHED TO AND FORMING PART OF POLICY NO.</small>	<small>*EFFECTIVE DATE OF ENDORSEMENT</small>	<small>*ISSUED TO</small>
1P50126 - 0	12/16/2011	Surrey Oaks Apartments Management of Surrey Oaks LLC

THIS INSURANCE CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CP0010.

Section G. OPTIONAL COVERAGE, 3. Replacement Cost, paragraph b. is amended to add the following:

Roof(s), roof coatings, roof canopies, or any material or components used in conjunction with a roof's construction or re-covering including, but not limited to, shingles, shakes, flashing, sheeting, sheathing, decking, insulation, and membrane(s), if, at the time of loss, the roof is determined to be over 15 years old.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy, other than as above stated.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or

- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM
FARM COVERAGE PART
GOVERNMENT CRIME COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or
 - b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

2. When one or both of the following applies:

- a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

B. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

C. Exception Covering Certain Fire Losses

The following exception to the Exclusion Of Terrorism applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

D. Application Of Other Exclusions

1. When the Exclusion Of Terrorism applies in accordance with the terms of **B.1.** or **B.2.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
1. The failure, malfunction or inadequacy of:
 - a. Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.
- B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:
1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 2. Under the Commercial Property Coverage Part:
 - a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b. In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;
- we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

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EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
AZ, CA, CT, GA, HI, ID, IL, IA, MA, MN, NE, NJ, NY, NC, ND, OK, PA, VA, WA and WV	Commercial Property Coverage Part
LA, ME, MI, MO, NH, OR, RI, and WI	Commercial Property Coverage Part Commercial Inland Marine Coverage Part
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.



Evanston Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Minimum Retained Premium Endorsement

The following modifies all coverage forms and coverage parts attached to this policy.

SCHEDULE

Minimum Premium:	25% of the advance and deposit premium stated in the Declarations.
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This policy has a minimum amount of premium that applies to the term of insurance as listed on the policy. Unless otherwise stated, the minimum premium is equal to the advance and deposit premium as shown in the Declarations, adjusted for subsequent endorsements.

In the event audit premiums are greater than the advance and deposit premium, the additional premium is due and payable to us upon notice to you. If audit premiums are less than the deposit, then we shall retain the Minimum Premium shown in the Schedule above.

In the event you cancel this policy, the Minimum Retained Premium we will keep will be the greater of:

1. The minimum premium shown in the Schedule above;
2. The premium calculated as short rate or pro-rata of the advance and deposit premium stated in the Declarations; or
3. The final calculated audit premium.

Cancellation for non-payment of premium after the effective date of the policy shall be deemed to be a request by the Named Insured for cancellation of this policy, thereby activating the Minimum Retained Premium provision shown above.

For the purpose of this insurance, "advance and deposit premium" means the premium which is stated in the Declarations which is payable in full by the Named Insured at the policy inception date.

All other terms and conditions remain unchanged.

MEIL 1212 06 10 MIN RETAINED PREM ENDT

SCHEDULE "A"

Named Insured: Surrey Oaks Apartments
 Policy Number: 1P50126
 Policy Term: 12/17/2010-12/17/2011

<u>Location #</u>	<u>Building #</u>	<u>Address</u>	<u>Building</u>	<u>Business Income</u>
1	1	525 King George Drive, Fort Worth, TX 76112	\$615,978	\$420,000
1	2	525 King George Drive, Fort Worth, TX 76112	\$615,978	
1	3	525 King George Drive, Fort Worth, TX 76112	\$615,978	
1	4	525 King George Drive, Fort Worth, TX 76112	\$615,978	
1	5	525 King George Drive, Fort Worth, TX 76112	\$615,978	
1	6	525 King George Drive, Fort Worth, TX 76112	\$615,978	
1	7	525 King George Drive, Fort Worth, TX 76112	\$615,978	
1	8	525 King George Drive, Fort Worth, TX 76112	\$39,600	

SCHEDULE "A"